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# CIA Aides Considered Ghorbanifar a 'Crook'

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Two days after the Central Intelligence Agency instructed its operatives around the world last year to do no business with Iranian businessman Manucher Ghorbanifar because he was "a crook," the CIA's director of covert operations was told at the White House that Ghorbanifar was to be the middleman in the Reagan administration's high-risk, arms-for-hostages initiative.

The selling of Ghorbanifar to President Reagan's top aides in 1985, and the determination of then-White House aide Oliver L. North and CIA Director William J. Casey to use him as an intermediary despite his long-standing reputation inside the CIA as a fabricator, was described to the House-Senate Iran-contra committees by Claire George, the CIA's deputy director for operations, during closed-door testimony on Aug. 5 and 6.

Eventually, the White House adopted the CIA's critical view of Ghorbanifar and dropped him as an intermediary after he repeatedly misled U.S. officials.

The declassified portions of George's testimony, accompanied by heavily censored exhibits, were released yesterday. The 32-year veteran of the CIA's clandestine operations branch raised a series of questions about how the administration made decisions to carry out its secret Iran policy, indicating that Casey and the White House repeatedly overrode the advice of experts and the conclusions of U.S. intelligence analysts.

For example, George challenged one of the basic premises of the entire project: that the Tehran regime of Ayatollah Ruhollah Khomeini could gain the release of all the U.S. hostages being held by pro-Iranian extremists in Lebanon.

The CIA regularly told the White House, George testified, that "under no condition would the government of Iran ever allow all the hostages to be released, nor will they ever all be released because the only leverage that those who hold the hostages [have] is the hostages, and so why would they give them up?"

George also criticized the use of retired Air Force major general Richard V. Secord as the private party to handle the U.S. arms shipments to Iran. Secord, who told the select investigating committees last May that he wanted George's job, was described by George as someone who "worked the edges of the international arms market" and at one time was associated with Edwin P. Wilson, a former CIA agent now in prison for selling arms to Libya.

"In my mind as a manager of the American clandestine service," George said, Secord was "an individual with whom I would not do business."

The force that drove the ill-fated policy, according to George, was the determination of Reagan, Casey and North to free the American hostages.

"The mistake," George said, "was really made to have allowed those [hostage] families into the Oval Office to see the president. That is just too much for the president."

George, who repeatedly expressed his admiration for Casey, said Casey may have gone along with the project because it was so risky.

"Bill Casey fell afoul to a charge in the White House that 'come on, Bill, we have enough of those'—as Dick Secord titles us—'shoe salesmen; let's get a real operation together and really do something.'"

As a result, Casey allowed direction of the operation to rest in the White House with North, then a member of the National Security Council staff. As CIA liaison with the operation, Casey named an agency official with no experience in running covert operations.

"There couldn't have been a better mismatch," George told the committees. "I should have fought with Casey and said if we are going to handle this guy, I'll handle him and I'll get three of the meanest men I know alive and we'll handle him."

In other testimony:

■ George described as "a scam" and a "fake" a controversial, secret plan to ransom hostages held in Lebanon that was proposed by agents of the Drug Enforcement Administration in 1985. He said he came to that conclusion after CIA experts looked at the plan after it was first proposed to the interagency hostage location task force.

But North, encouraged by a White House aide who was Reagan's former bodyguard in California, thought the plan to spend \$4 million to bribe and ransom to free the hostages was a good idea and got the approval of Attorney General Edwin Meese III to have it run out of the NSC, using funds from the Nicaraguan contras, the Iranian arms sales and private contributions.

An April 30, 1985, CIA internal memo reported North said that a businessman, said to be Texas multimillionaire H. Ross Perot, had agreed to put up \$1 million, but the operation would not go ahead without agency approval.

The project eventually ended in 1986, after the expenditure of several hundred thousand dollars.

■ Casey, in June 1985, raised with deputy national security adviser John M. Poindexter a proposal from an unidentified source to ransom the American hostages held by the Iranian-influenced, Shiite Moslem extremist group Hezbollah in Lebanon for \$10 million, which would be raised privately, according to a CIA memo released yesterday. "Poindexter agreed to talk to the president to see if this kind of an approach could be pursued privately given the administration's policy on ransom," it said.

■ George said he had never heard of the "off-the-shelf, stand-alone, run-yourself spy service" that North testified was a Casey idea to handle covert operations financed by the proceeds of arms sales to Iran. "My experience with Bill Casey was absolute," George said. "He would never have approved it."

■ Although George said that he never saw Casey "cook the books," or attempt to slant intelligence to suit a partisan position, the CIA official said the White House last year did so when it argued that Iranian terrorism had abated as a result of the arms sales. "There was an example of a desperate attempt to try to sort of prove something was happening to make the policy look good, and it wasn't."

■ On the evening of Nov. 20, 1986, during a discussion at CIA headquarters of Casey's testimony the next day to Congress, someone told the late CIA director: "Bill, there is talk that some of the money that was received from the Iranian arms deal has been used for other purposes," George told the committees. That was two days before the so-called diversion memo written by North was discovered at the NSC and five days before Meese announced it publicly.

George said he believed CIA

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Deputy Director Robert M. Gates made the statement, but added, "Bob said it wasn't he."

Casey, according to George, told the group, "I know absolutely nothing about that." A week earlier the director, along with Gates, had warned Poindexter that they had been told that Canadian financiers were going to claim they were owed money because of a diversion of arms sales profits to Central America.

■ George said he believed it "absolutely impossible" that Casey had given North suicide pills prior to the latter's trip to Tehran in May 1986 as part of a delegation headed by former national security adviser Robert C. McFarlane, as North suggested in his testimony to the committees.

"He may have given him a bottle of sleeping pills," George said, "but when you talk about lethal pill to me, we are talking about something that is cyanide that will kill you on the spot and I tell you William Casey would not suggest or give Oliver North suicide pills."

■ George apologized for his testimony to the House Permanent Select Intelligence Committee last Oct. 14, when he said there was no CIA involvement in the C123K cargo plane that was shot down over Nicaragua a week earlier. He said he should have qualified that statement although he did not at the time know the exact details of CIA assistance to the North-directed air resupply operation to the contra rebels of which the aircraft was a part.

George's presentation of the unfolding of the Iran arms-for-hostages operation from the critical viewpoint of a top CIA official drew most of the committees' attention.

At the same time in the summer of 1985 that the president was getting personally involved in efforts to free the hostages, George testified, several private approaches about Iran were being made to top Reagan officials, all of which were to use Ghorbanifar as a middleman.

One came through a former business associate of Casey's, the late John Shaheen, who had been approached by an indicted arms dealer who offered to help get the hostages freed if the U.S. government would aid him in his legal problems. CIA exploration of this channel found that the Iranian contact for Shaheen's approach was to be Ghorbanifar. It faltered when U.S. officials would not deal with the criminal charges.

At about the same time, Israeli officials were dealing with McFarlane on another proposal involving Ghorbanifar that would result in the shipment of Israeli-owned, U.S.-made arms to Iran.

After Israel's shipment of 508 TOW antitank missiles in September led to the release of one U.S. hostage, the Rev. Benjamin Weir, Ghorbanifar's stock rose at the White House, according to documents released yesterday.

In Oct. 7, 1985, NSC consultant Michael A. Ledeen, a persistent Ghorbanifar booster, held a meeting at the Old Executive Office Building with Ghorbanifar and gave him a tour of the White House, according to the documents.

In December 1985, after an Israeli arms shipment the previous month had misfired, Ledeen went to CIA officials to try to overcome their opposition to Ghorbanifar, which by now had been picked up in the White House.

The NSC consultant even met with Casey on Dec. 19 to discuss Ghorbanifar in a meeting that led to a promise that the Iranian middleman would submit himself to a polygraph test the next month. The concern with Ghorbanifar was illustrated by Casey sending a note to the president on Dec. 24 in which he called attention to the proposed lie-detector test.

On Jan. 11, however, Ghorbanifar flunked the test. "If my memory serves me," George said, "Mr. Ghorbanifar could only repeat his name and his nationality and pass the machine."

On Jan. 16, George sent out what is known in the agency as a "burn notice," the third one circulated on Ghorbanifar. "In our language we send a notice around the world that the individual that we are speaking about should not be dealt with because he's dishonest and untruthful," George said.

On Jan. 17, the president signed an authorization—called a finding—for the U.S.-Iran arms sales. "On the 18th," George said, "after having sent a cable [saying] we will do no more business with Mr. Ghorbanifar, I was taken to the White House and given a finding which in its practical sense said, 'You will be doing business with Mr. Ghorbanifar.'"

George went to Casey and told the director, "Bill, I am not going to run this guy any more," which means in our language, 'I will not handle him, he is a bum.'"